

**Introduced by Senator Margett**February 19, 2004

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An act to amend Section 1250.8 of the Health and Safety Code, relating to health facilities.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1540, as introduced, Margett. Health facilities.

Existing law provides for the licensure and regulation by the State Department of Health Services of health facilities, including general acute care hospitals. Existing law authorizes the department to issue a consolidated license to any general acute care hospital that includes more than one physical plant maintained and operated on separate premises or has multiple licenses for a single health facility on the same premises if the hospital meets applicable licensing requirements and established criteria.

This bill would make technical, nonsubstantive changes to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1250.8 of the Health and Safety Code  
2 is amended to read:  
3 1250.8. (a) Notwithstanding subdivision (a) of Section  
4 ~~437.10~~ 127170, the state department, upon application of a  
5 general acute care hospital ~~which~~ that meets all the criteria of  
6 subdivision (b), and other applicable requirements of licensure,  
7 shall issue a single consolidated license to a general acute care



1 hospital—~~which~~ *that* includes more than one physical plant  
2 maintained and operated on separate premises or which has  
3 multiple licenses for a single health facility on the same premises.  
4 A single consolidated license shall not be issued where the separate  
5 freestanding physical plant is a skilled nursing facility or an  
6 intermediate care facility, whether or not the location of the skilled  
7 nursing facility or intermediate care facility is contiguous to the  
8 general acute care hospital unless the hospital is exempt from the  
9 requirements of subdivision (b) of Section 1254, or the facility is  
10 part of the physical structure licensed to provide acute care.

11 (b) The issuance of a single consolidated license shall be based  
12 on the following criteria:

13 (1) There is a single governing body for all of the facilities  
14 maintained and operated by the licensee.

15 (2) There is a single administration for all of the facilities  
16 maintained and operated by the licensee.

17 (3) There is a single medical staff for all of the facilities  
18 maintained and operated by the licensee, with a single set of  
19 bylaws, rules, and regulations, which prescribe a single committee  
20 structure.

21 (4) Except as provided otherwise in this paragraph, the  
22 physical plants, maintained and operated by the licensee—~~which~~,  
23 *that* are to be covered by the single consolidated license are located  
24 not more than 15 miles apart. If an applicant provides evidence  
25 satisfactory to the department that it can comply with all  
26 requirements of licensure and provide quality care and adequate  
27 administrative and professional supervision, the director may  
28 issue a single consolidated license to a general acute care hospital  
29 that operates two or more physical plants located more than 15  
30 miles apart under any of the following circumstances:

31 (A) One or more of the physical plants is located in a rural area,  
32 as defined by regulations of the director.

33 (B) One or more of the physical plants provides only outpatient  
34 services, as defined by the department.

35 (C) If Section 14105.986 of the Welfare and Institutions Code  
36 is implemented and the applicant meets all of the following  
37 criteria:

38 (i) The applicant is a nonprofit corporation.

39 (ii) The applicant is a children's hospital listed in Section  
40 10727 of the Welfare and Institutions Code.

1 (iii) The applicant is affiliated with a major university medical  
2 school, and located adjacent thereto.

3 (iv) The applicant operates a regional tertiary care facility.

4 (v) One of the physical plants is located in a county that has a  
5 consolidated and county government structure.

6 (vi) One of the physical plants is located in a county having a  
7 population between 1 million and 2 million.

8 (vii) The applicant is located in a city with a population  
9 between 50,000 and 100,000.

10 (c) In issuing the single consolidated license, the state  
11 department shall specify the location of each supplemental service  
12 and the location of the number and category of beds provided by  
13 the licensee. The single consolidated license shall be renewed  
14 annually.

15 (d) To the extent required by ~~Part 1.5~~ *Chapter 1* (commencing  
16 with Section ~~437~~ 127125) of *Part 2 of Division 4* 107, a general  
17 acute care hospital—~~which~~ *that* has been issued a single  
18 consolidated license:

19 (1) Shall not transfer from one facility to another a special  
20 service described in Section 1255 without first obtaining a  
21 certificate of need.

22 (2) Shall not transfer, in whole or in part, from one facility to  
23 another, a supplemental service, as defined in regulations of the  
24 director pursuant to this chapter, without first obtaining a  
25 certificate of need, unless the licensee, 30 days prior to the  
26 relocation, notifies the Office of Statewide Health Planning and  
27 Development, the applicable health systems agency, and the state  
28 department of the licensee's intent to relocate the supplemental  
29 service, and includes with this notice a cost estimate, certified by  
30 a person qualified by experience or training to render the  
31 estimates, which estimates that the cost of the transfer will not  
32 exceed the capital expenditure threshold established by the Office  
33 of Statewide Health Planning and Development pursuant to  
34 Section ~~437.10~~ 127170.

35 (3) Shall not transfer beds from one facility to another facility,  
36 without first obtaining a certificate of need unless, 30 days prior  
37 to the relocation, the licensee notifies the Office of Statewide  
38 Health Planning and Development, the applicable health systems  
39 agency, and the state department of the licensee's intent to relocate

1 health facility beds, and includes with this notice both of the  
2 following:

3 (A) A cost estimate, certified by a person qualified by  
4 experience or training to render the estimates, which estimates that  
5 the cost of the relocation will not exceed the capital expenditure  
6 threshold established by the Office of Statewide Health Planning  
7 and Development pursuant to Section ~~437.10~~ 127170.

8 (B) The identification of the number, classification, and  
9 location of the health facility beds in the transferor facility and the  
10 proposed number, classification, and location of the health facility  
11 beds in the transferee facility.

12 Except as otherwise permitted in ~~Part 1.5 Chapter 1~~  
13 (commencing with Section ~~437~~) 127125) of ~~Part 2 of Division 4~~  
14 107, or as authorized in an approved certificate of need pursuant  
15 to that part, health facility beds transferred pursuant to this section  
16 shall be used in the transferee facility in the same bed classification  
17 as defined in Section 1250.1, as the beds were classified in the  
18 transferor facility.

19 Health facility beds transferred pursuant to this section shall not  
20 be transferred back to the transferor facility for two years from the  
21 date of the transfer, regardless of cost, without first obtaining a  
22 certificate of need pursuant to ~~Part 1.5 Chapter 1~~ (commencing  
23 with Section ~~437~~) 127125) of ~~Part 2 of Division 4~~ 107.

24 (e) All transfers pursuant to subdivision (d) shall satisfy all  
25 applicable requirements of licensure and shall be subject to the  
26 written approval, if required, of the state department. The state  
27 department may adopt *any* regulations ~~which~~ *that* are necessary to  
28 implement the provisions of this section. These regulations may  
29 include a requirement that each facility of a health facility subject  
30 to a single consolidated license have an onsite full-time or  
31 part-time administrator.

32 (f) As used in this section, “facility” means any physical plant  
33 operated or maintained by a health facility subject to a single,  
34 consolidated license issued pursuant to this section.

35 (g) For purposes of selective provider contracts negotiated  
36 under the Medi-Cal program, the treatment of a health facility with  
37 a single consolidated license issued pursuant to this section shall  
38 be subject to negotiation between the health facility and the  
39 California Medical Assistance Commission. A general acute care  
40 hospital ~~which~~ *that* is issued a single consolidated license pursuant

to this section may, at its option, receive from the state department a single Medi-Cal program provider number or separate Medi-Cal program provider numbers for one or more of the facilities subject to the single consolidated license. ~~Irrespective of~~ *Without regard to* whether the general acute care hospital is issued one or more Medi-Cal provider numbers, the state department may require the hospital to file separate cost reports for each facility pursuant to Section 14170 of the Welfare and Institutions Code.

(h) For purposes of the Annual Report of Hospitals required by regulations adopted by the state department pursuant to this part, the state department and the Office of Statewide Health Planning and Development may require reporting of bed and service utilization data separately by each facility of a general acute care hospital issued a single consolidated license pursuant to this section.

(i) The amendments made to this section during the 1985–86 Regular Session of the California Legislature pertaining to the issuance of a single consolidated license to a general acute care hospital in the case where the separate physical plant is a skilled nursing facility or intermediate care facility shall not apply to the following facilities:

(1) Any facility ~~which~~ *that* obtained a certificate of need after August 1, 1984, and prior to February 14, 1985, as described in this subdivision. The certificate of need shall be for the construction of a skilled nursing facility or intermediate care facility ~~which~~ *that* is the same facility for which the hospital applies for a single consolidated license, pursuant to subdivision (a).

(2) Any facility for which a single consolidated license has been issued pursuant to subdivision (a), as described in this subdivision, prior to the effective date of the amendments made to this section during the 1985–86 Regular Session of the California Legislature.

Any facility ~~which~~ *that* has been issued a single consolidated license pursuant to subdivision (a), as described in this subdivision, shall be granted renewal licenses based upon the same criteria used for the initial consolidated license.

(j) If the state department issues a single consolidated license pursuant to this section, the state department may take any action authorized by this chapter, including, but not limited to, any action specified in Article 5 (commencing with Section 1294), with

1 respect to any facility, or any service provided in any facility,  
2 ~~which~~ *that* is included in the consolidated license.

3 (k) The eligibility for participation in the Medi-Cal program  
4 (Chapter 7 (commencing with Section 14000), Part 3, Division 9,  
5 Welfare and Institutions Code) of any facility that is included in a  
6 consolidated license issued pursuant to this section, provides  
7 outpatient services, and is located more than 15 miles from the  
8 health facility issued the consolidated license shall be subject to a  
9 determination of eligibility by the state department. This  
10 subdivision shall not apply to any facility that is located in a rural  
11 area and is included in a consolidated license issued pursuant to  
12 subparagraphs (A), (B), and (C) of paragraph (4) of subdivision  
13 (b). Regardless of whether a facility has received or not received  
14 a determination of eligibility pursuant to this subdivision, this  
15 subdivision shall not affect the ability of a licensed professional,  
16 providing services covered by the Medi-Cal program to a person  
17 eligible for Medi-Cal in a facility subject to a determination of  
18 eligibility pursuant to this subdivision, to bill the Medi-Cal  
19 program for those services provided in accordance with applicable  
20 regulations.

21 (l) Notwithstanding any other provision of law, the director  
22 may issue a single consolidated license for a general acute care  
23 hospital to Children's Hospital Oakland and San Ramon Regional  
24 Medical Center.

